



March 2, 2016

Mr. Richard Adauto, Executive Vice President and Interim Vice President – Business Affairs  
The University of Texas at El Paso  
500 W. University Ave.  
El Paso, Texas 79968

Dear Mr. Adauto,

We have completed our audit of Benefits Proportionality by Fund for The University of Texas at El Paso as required by Rider 8, page III-39, of the General Appropriations Act (84<sup>th</sup> Legislature, Conference Committee Report). The rider requires that the audit examine appropriation years (AY) 2012 through 2014. However, an internal audit of the proportionality of higher education benefits for AY 2013 was conducted during fiscal year 2015 at the request of the Governor. Therefore, the scope of this year's audit included only AY 2012 and 2014. Results for all three appropriation years are included in Attachment 1, and our report on AY 2013 is included as Attachment 2.

Based on audit procedures performed, *Benefits Proportionality by Fund Reports* (APS 011) for AY 2012, as submitted to the State Comptroller, was materially accurate; however, it appears that a reimbursement for \$16,233.04 is due to the Teacher Retirement System of Texas (TRS). The reimbursement was calculated and recorded in the APS 011 Report but there is no evidence of payment.

For AY 2014, the *Benefits Proportionality by Fund Reports* APS 011, as submitted to the State Comptroller, was materially accurate and no reimbursement is due. The process in place to prepare the annual report is sufficient to ensure benefits funding proportionality is applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act.

The monetary error (lack of payment to TRS) identified during the audit is described in Attachment 1.

Our audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included review of source information obtained from the internal accounting system and the State's Uniform Statewide Accounting System (USAS), review of the benefits proportionality reporting process, validation of the accuracy of information and proportional funding calculations reported to the State Comptroller on the APS 011 reports, and testing to verify eligibility of employee benefits paid with appropriated funds. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants. In addition, we relied upon work conducted in previous audits by our office, our external audit firm, and the Texas State Auditor's Office to gain assurance about the reliability of data in the internal accounting system and USAS. The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

### Findings

2012: No support documentation was provided for a reimbursement to TRS for \$16,233.04. If support documentation is not located, a reimbursement for \$16,233.04 is due.

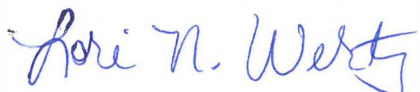
Legal cites and documentation were not provided, and the current USAS document numbers for required adjustments on FY12 APS 011 were not listed; however, USAS screenshots to support the adjustments were available for review.

2014: The current USAS document numbers for the required adjustments on the FY14 report did not appear on the report but were later provided upon request.

Other than the possible reimbursement to TRS, the issues identified do not have a material impact on the accuracy of the APS 011 for either year tested.

We wish to thank the Financial Services staff for their assistance and cooperation provided throughout the audit.

Sincerely,



Lori N. Wertz  
Chief Audit Executive

cc: Dr. Diana Natalicio, President, The University of Texas at El Paso  
Anthony Turrietta, Associate Vice President and Comptroller  
Daniel Dominguez, Director of Accounting and Financial Reporting  
J. Michael Peppers, Chief Audit Executive, UT System  
Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer, UT System

Attachment 1  
 Schedule of Errors

ATTACHMENT 1: SUMMARY OF ERRORS

	Appropriation Year	Benefit Type	Financing Source	Error Description	Error Amount	Refund Status	Document Number and Effective Date
	2012		GR Fund # 0001		-		
	2012		GR-Ded Fund # 0250		16,233.04		
<b>Subtotal</b>	<b>2012</b>			<b>Payment not made to TRS</b>	<b>\$ 16,233.04</b>	In Process	
	2013				-		
	2013				-		
<b>Subtotal</b>	<b>2013</b>				<b>\$ -</b>		
	2014		GR-Ded Fund # 0250				
	2014				-		
<b>Subtotal</b>	<b>2014</b>				<b>\$ -</b>		
<b>Total</b>	<b>2012-2014</b>				<b>\$ 16,233.04</b>		

Attachment 2  
Benefits Proportionality by Fund Audit Report – Appropriation Year 2013

THE UNIVERSITY OF TEXAS AT EL PASO



Office of Auditing and  
Consulting Services

December 5, 2014

Cynthia Villa, Vice President - Business Affairs  
The University of Texas at El Paso  
500 W. University Avenue  
El Paso, Texas 79968

Dear Ms. Villa,

We have completed our audit of Benefits Proportionality by Fund for The University of Texas at El Paso as requested by Governor Rick Perry. Based on audit procedures performed, the *Benefits Proportionality by Fund Report* (APS 011) for appropriation year (AY) 2013, as submitted to the State Comptroller on April 25, 2014 was materially accurate and no reimbursement is due. The process in place to prepare the annual report is sufficient to ensure benefits funding proportionality is applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act.

The scope of our audit included benefits funding proportionality reporting for AY 2013. Risk of material error in reporting accuracy for years prior to AY 2013 was assessed based on audit results and determined to be low, thus additional testing of prior appropriation years was not performed.

Our audit methodology included review of source information obtained from The University of Texas at El Paso internal accounting system and the State's Uniform Statewide Accounting System (USAS). We relied upon work conducted in previous audits by our office, our external audit firm, and the Texas State Auditor's Office to gain assurance about the reliability of data in our internal accounting system and USAS. Based on that work, we determined that the information in these systems was sufficiently reliable for the purposes of this audit. In addition, we reviewed the benefits proportionality reporting process with relevant staff, validated the accuracy of information and proportional funding calculations reported to the State Comptroller on the *Benefits Proportionality by Fund Report* (APS 011), and tested to verify eligibility of employee benefits paid with appropriated funds. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants (AICPA). The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

The original APS 011 Report for AY 2013 was submitted on November 19, 2013. An amended report was issued on April 25, 2014 in response to the review comments of the Appropriations Control Officer on February 24, 2014.

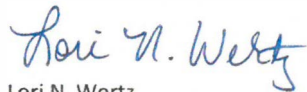
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Some minor issues were identified and are noted below; however, they do not have a material impact on the accuracy of the amended APS 011.

- Required legal cites and documentation were not provided on the report.
- The USAS Document Number in Section IIa was incorrect.
- Detailed support documentation for some adjustments to the APS 011 was not readily available.

We wish to thank the Financial Services staff for their assistance and cooperation provided throughout the audit.

Sincerely,



Lori N. Wertz  
Interim Director

cc: Dr. Diana Natalicio, President, The University of Texas at El Paso  
Anthony Turrietta, Associate Vice President and Comptroller  
Tessy Rappe, Director/Associate Comptroller – Accounting and Business Services  
J. Michael Peppers, Chief Audit Executive, UT System  
Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer, UT System